

Message Text

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E.O. 11652: GDS

TAGS: PFOR

SUBJECT: MORNING SUMMARY OF SIGNIFICANT REPORTS

1. SPAIN

ASSESSING THE EFFECTS OF SPANISH CABINET CHANGES,
EMBASSY MADRID OBSERVES THAT:

--ARIAS' EMERGING IMAGE AS POLITICALLY INDEPENDENT
AND DETERMINED HAS YIELDED TO HIS PREVIOUS IMAGE AS
FRANCO'S BLINDLY LOYAL ALTER EGO.

--THE SACKING OF THE INFORMATION MINISTER AND RESIGNA-
TION OF THE FINANCE MINISTER HAVE CAUSED ARIAS'
CREDIBILITY WITH THE LIBERALS TO PLUNGE SERIOUSLY.

AN AIDE TO ARIAS TOLD AN EMBASSY OFFICER WITH REGARD
TO THE CHANGES THAT:

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--ARIAS REGARDS HIMSELF AS ONE OF FRANCO'S MINISTERS

RATHER THAN AS PRIME MINISTER IN HIS OWN RIGHT.

--THE NEW MINISTERS ARE MODERATE TO LIBERAL AND AS
COMMITTED TO LIBERALIZATION AS THOSE THEY REPLACED.
(CONFIDENTIAL) MADRID 6829 AND 6835, 10/31.

2. ENERGY

IN AN OCTOBER 28 PRESS CONFERENCE, ENERGY COORDI-
NATING GROUP CHAIRMAN DAVIGNON SAID:

--THE DEADLINE FOR SIGNALLING THE INTENTION TO BE A
FOUNDING MEMBER OF THE INTERNATIONAL ENERGY AGENCY
(IEA) IS NOVEMBER 17.

--HE HOPED THE EC COULD BE A COSIGNATORY OF THE
INTERNATIONAL ENERGY PROGRAM (IEP) AGREEMENT.

--CONTRARY TO GISCARD'S RECENT STATEMENT, THE IEP
WOULD NOT BE HOSTILE TO THE OIL PRODUCERS.

--THE RESULTS OF TALKS BETWEEN THE ECG AND OIL COMPA-
NY REPRESENTATIVES IN LONDON ON OCTOBER 23-24 WERE
"EXTREMELY POSITIVE."

--THE IEA MIGHT TRIGGER DEMAND RESTRAINT EVEN IN THE
ABSENCE OF AN EXTERNALLY IMPOSED CUTOFF OF SUPPLY.
(LIMITED OFFICIAL USE) BRUSSELS 8476, 10/31.

3. VIETNAM

EMBASSY PARIS REPORTS THAT IN A MEETING WITH A FRENCH
FOREIGN MINISTRY OFFICIAL, A DRV REPRESENTATIVE:

--SAID MOMENTOUS DEVELOPMENTS ARE EXPECTED IN SAIGON
SOON;

--ANSWERED STRONGLY IN THE NEGATIVE WHEN THE FRENCH
OFFICIAL HINTED THE DRV/PRG MIGHT CONSIDER MILITARY
EFFORTS TO PROFIT FROM THE SITUATION IN THE SOUTH;
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--EMPHASIZED THAT THE DRV'S CURRENT CONCERNS ARE
BASICALLY ECONOMIC.(CONFIDENTIAL) PARIS 25784, 10/31.

4. SAUDI ARABIA

EMBASSY JIDDA COMMENTS THAT ESCALATING DEFENSE COSTS,
ESPECIALLY OF GOODS AND MATERIAL NEEDED BY THE SAUDIS TO

CARRY OUT THEIR PROGRAMS OF MODERNIZATION AND INDUSTRIALIZATION, ARE ALMOST CERTAIN TO WEAKEN SAG RESOLVE TO WORK FOR LOWER OIL PRICES. (CONFIDENTIAL) JIDDA 6339, 10/31 (EXDIS).

5. LIBYA

LIBYA HAS TOLD ITT OFFICIALS IT CANNOT SIGN A \$300 MILLION AIR DEFENSE CONTRACT WITH THE COMPANY UNLESS THE US RELEASES 8 RECENTLY PURCHASED C-130'S FOR EXPORT TO LIBYA. (CONFIDENTIAL) TRIPOLI 1169, 10/31 (EXDIS).

6. PRC

THE PRC REVEALED FOR THE FIRST TIME THE DEATH OF LIU SHAO-CHI. THE WEEKLY ENGLISH EDITION OF TA KUNG PAO, IN A COLUMN OFTEN USED TO EXPLAIN CURRENT POLICY LINES, CARRIED THE FOLLOWING SENTENCE: "LIU SHAO-CHI AND LIN BIAO ARE DEAD PHYSICALLY AS WELL AS POLITICALLY." (LIMITED OFFICIAL USE) HONG KONG 11846, 10/31. INGERSOLL

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